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I am writing to protest the proposed architecture of the Solar Water rebate program. Specifically, under the proposed 2010 program, 1/2 of the theoretical rebate will be withheld for one year after the solar system has been installed. The amount of the rebate paid at that time will then be based on actual measurements taken from the system. This rebate could be equal to the original 1/2 rebate paid one year earlier, or it could be zero.

My background is that I am an electrical engineer by education and early career experience. However, the second half of my career I have worked in Engineering and Project Management. My sense is that the 2010 Rebate program was written by engineers. I say this because from a purely technical, theoretical point of view, I can understand why this approach was developed. The CPUC is concerned about paying large rebates for systems which may later underperform on their projected outputs, and so to cover that problem, they have proposed to actually base the second half of the rebate on actual measured performance.

While from a purely technical standpoint, it is hard to argue the merits of this idea, from a practical standpoint it is a disaster. One has to keep in mind that with any of these "subsidy" programs, the goal is to stimulate a given technology or industry because the success of that technology or industry is viewed as being important to the greater good. Governments or agencies such as the CPUC create stimulus programs to help bootstrap technologies or industries that are not yet financially viable on their own. The concept is that by encouraging early adopters to buy and install these systems by making them affordable thru rebates and credits, it will drive innovation, and reduce manufacturing costs thru economies of scale. Then, the stimulus efforts can be scaled back over time as the new technology or industry becomes independently viable.

In order for these types of stimulus packages to accomplish their goal, they must be implemented in such a way as to be easy for end users and contractors to use, and they must be implemented in such a way that they deliver the perceived financial stimulus in such a way as to encourage early adopters to move forward. It is in this regard that the proposed 2010 Rebate program fails miserably.

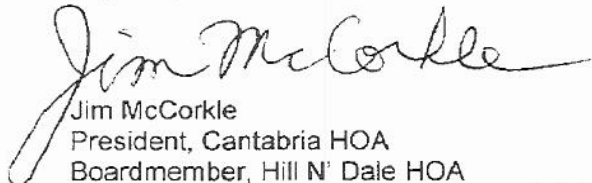
I am on the Board of three condominium homeowners associations (HOA's) in San Diego. I have been working for a year now on solar water systems for two of those complexes. Let me repeat that for emphasis. I have been working for a year on these efforts. Developing, approving, funding and implementing these large, expensive systems for condominium projects is a long and difficult process. There are a lot of legal, contractual and technical hoops that must be jumped thru in order to actually bring one of these projects to fruition. A year ago, I met with Katrina Phruksukarn and Skip Fralick at the CCSE to discuss the 2009 Solar water rebate program. I was very excited about this program, and wanted to see how I could use it to implement solar water systems in the condominium projects I am affiliated with. I was concerned that the available funding for the program might be used up before we could have our projects approved and in place, and was a bit surprised when Skip and Katrina told me that this would not be an issue, as there was still plenty of funds available. I then asked them how many of these large, condominium-sized projects had been funded so far in San Diego, and was floored to hear the answer. None. Let me repeat: None. A year later, I understand why the answer was none. It is extremely difficult to get one of these projects approved and funded, and without a champion with the time to dedicate to them, they will not happen.

If I had been told a year ago that the proposed rebate program was going to withhold 1/2 the rebate for a year after the completion of the project, and that there would be no certainty that you would actually receive anything at that point, I might well have just dropped the projects like a hot rock. I can assure you, most condominium complexes that would have otherwise considered implementing one of these projects will now not do them, because they can't afford this amount of financial uncertainty. For example, in the case of the condos in Rancho Penasquitos where I am the board President, this second half of the rebate is estimated to be about \$75,000. With the proposed 2010 program, this Association would have to "carry" that cost for a year, without any idea whether or not they will ever see any of it. This proposal is a deal-killer. If implemented as currently structured, I can envision a scene in another year, with a large group of people sitting around a conference table at the CPUC, pondering why the 2010 rebate program was such a flop. There will be a huge amount of money that was allocated to this program, still sitting in the coffers. And everyone sitting around the table will be at a loss to explain why no one is stepping forward to claim this free money.

As an engineering manager, when my subordinates bring a problem to me, I expect them to also bring me some proposed solutions. I have been told that the justification for withholding the second half of the rebate until after measuring system performance for a year is that the CPUC is concerned that end users and their contractors will "game" the system by entering known fraudulent information into the rebate calculator. While waiting for a year's worth of measurements would indeed be one solution to this problem, surely there are other solutions that wouldn't have the drawback of ruining the project itself. If the CPUC is concerned that end users and their contractors will game their rebate calculation inputs, then simply take that out of their hands. Have staff at the CPUC or CCSE or some other delegated agency either enter the information, or vet the information entered by the end users. If the objection to that approach is that there isn't enough money/staff to do this, make it a fee-based system that pays for itself. In the example I listed above, I would imagine that the Association would gladly pay say a \$500 up-front fee to have the design input validated, in order to not wait for a year to receive the second half of the rebate, which again in this case is estimated to be \$75,000. This is not a novel concept. Government agencies require contractors to submit plans to get building permits all the time. I don't see why a similar approach could not be used in this case.

In conclusion, I implore you not to ruin what would otherwise be a fantastic program that could vault California forward in reducing our dependence on fossil fuels. Please fix your gaze on the end goal of the greater good, and not on the relatively minor issues that seem to be holding this program up. Let me remind you, we are now almost half way through the year 2010, and we still don't have the 2010 rebate program in place. It is unfortunate enough that it is horribly late. Let's not also make it dead on arrival.

Regards,



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